



Dave Yost • Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Trustees  
Auglaize and Mercer Counties Convention and Visitors Bureau  
Auglaize County  
900 Edgewater Drive  
St. Marys, Ohio 45885

We have performed the procedures enumerated below, to which the management of the Auglaize and Mercer Counties Convention and Visitors Bureau, Auglaize County (the Bureau) agreed, solely to assist the Bureau in evaluating whether it recorded all lodging taxes it received from Auglaize and Mercer Counties, and to help evaluate whether the Bureau disbursed these lodging taxes for allowable purposes described below for the years ended December 31, 2011 and 2010. The Bureau is responsible for disbursing lodging taxes for allowable purposes. We followed the American Institute of Certified Public Accountants' attestation standards for agreed-upon procedures engagements and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the Bureau. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Cash Receipts

1. We confirmed with Auglaize County and Mercer County the lodging taxes paid to the Bureau during the years ending December 31, 2011 and 2010. The Counties confirmed the following amounts.

<u>Year Ended</u>	<u>Amount</u>
December 31, 2011	\$119,099.65
December 31, 2010	\$121,255.97

2. We compared the amounts from step 1. to amounts recorded as lodging tax receipts on the Bureau's *Auglaize & Mercer Counties CVB Account QuickReport*. The May 2010 payment from Mercer County was confirmed as \$3,453.36 by Mercer County, but was recorded as \$3,468.36 on the Bureau's *Auglaize & Mercer Counties CVB Account Quick Report*. The failure to accurately record receipts results in the misstatement of the accounting records and financial statements, and inhibits the users understanding of the results of operations.

Periodically the Board should review the accounting records to help identify recording errors.

### Cash Disbursements

1. We inquired of management regarding sources describing allowable purposes or restrictions related to the Bureau's disbursements of lodging taxes. We listed these sources and summarized significant related restrictions below:

## Cash Disbursements (Continued)

### Source of Restrictions

- a. The Bureau's Articles of Incorporation
- b. The Bureau's 501(c)(6) Tax Exemption
- c. Mercer County Resolution 1168 (1993) and Resolution 585 (1996)
- d. Auglaize County Resolution 93-751, 96-286 and 03-441
- e. Ohio Rev. Code Section 5739.09(A)(2)

The Bureau's tax exemption prohibits it from disbursements supporting a candidate's election.

Ohio Rev. Code Section 5739.09(A)(2) restricts the Bureau to spending lodging tax "specifically for promotion, advertising, and marketing of the region in which the county is located."

Auditor of State Bulletin 2003-005 deems any disbursement of public funds (e.g. lodging taxes) for alcohol to be improper.

The Auglaize and Mercer Counties Resolutions require the Bureau to spend lodging tax for promoting the hospitality industry so that the hotel and motel industry of the County generally may share as equitably as possible in the benefits derived from the promotion of area wide accommodations, meeting facilities, restaurants, places of interest, attractions, as well as other community assets.

2. We haphazardly selected forty disbursements of lodging taxes from the years ended December 31, 2011 and 2010 in addition to all disbursements exceeding \$1,000, and compared the purpose for these disbursements as documented on vendor invoices or other supporting documentation to the sources of restrictions listed in *Cash Disbursements Step 1*. above.
  - The Bureau issued check #8265 for \$50 to pay for flowers for a family who had suffered a loss. None of the sources of restrictions listed under number 1 permit using lodging taxes for this purpose. The Bureau could not locate the supporting documentation for voucher #8382 in the amount of \$35.43 paid to the Executive Director, so it was impossible for the Auditor of State's Office to determine whether the expenditure was for an allowable purpose. The payment of non-allowable disbursements from restricted money or the failure to maintain documentation to support the payment as allowable could result in findings for recovery against those authorizing the payment. The Bureau did have sufficient non-lodging tax receipts to cover the purchase of flowers and the missing voucher.

To reduce the risk that an improper disbursement is made from restricted lodging taxes, the Bureau should modify their accounting records to separately track non-lodging taxes and disbursements. In addition, disbursements should not be made without a supporting invoice.

### OFFICIALS' RESPONSE:

We did not receive responses from Officials to the exceptions reported above.

We were not engaged to, and did not examine the Bureau's lodging tax receipts and disbursements for the years ended December 31, 2011 and 2010, the objective of which would have been to opine on lodging tax receipts and disbursements. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

Auglaize and Mercer Counties  
Convention and Visitors Bureau  
Auglaize County  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures  
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This report is intended solely for the information and use of the Bureau and is not intended to be, and should not be used by anyone else.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

May 9, 2012

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**AUGLAIZE MERCER COUNTIES CONVENTION AND VISITORS BUREAU**

**AUGLAIZE COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 31, 2012**